

Message Text

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15

ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 L-03 H-02 PA-01 PRS-01 /097 W

----- 065174

R 040811Z AUG 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 2185

INFO USLO PEKING

AMCONSUL HONG KONG

AMEMBASSY LONDON

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E.O. 11652 N/A

TAGS: EFIN, JA, CH

SUBJECT: BANK OF CHINA; FORWARD PURCHASE OF RMB FOR YEN

REF: A. PEKING 1398 B. HONG KONG 5864;C. TOKYO 1704

1. BEGINNING IN MAY 1975 JAPANESE EXPORTERS HAVE OBTAINED FORWARD FOREX FACILITY FOR BILATERAL TRADE WITH PRC (REF B, PARA 5, AND REF C). BANK OF TOKYO OFFICIAL TOLD FINATT THAT FACILITY OPERATING SMOOTHLY. HOWEVER THERE ARE NO INTER-BANK TRANSACTINS IN FORWARD RMB (RENMINBI) BETWEEN JAPANESE BANKS SINCE FACILITY AVAILABLE ONLY ON A CASE-BY CASE BASIS BETWEEN JAPANESE EXPORTER AND BOC, WITH JAPANESE BANK ACTING AS AGENT. THEREFORE , THERE ARE FORWARD TRANSACTIONS TAKING PLACE TO FACILITATE TRADE BUT IN NO SENSE IS THERE A "MARKET" IN FORWARD RMB IN TOKYO IN WHICH PERSONS CAN BUILD UP POSITIONS OR SPECULATE.

2. OFFICIAL SAYS THAT JAPANESE EXPORTERS PERMITTED TO SELL RMB FORWARD IMMEDIATELY FOLLOWING SIGNING OF EXPORT

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CONTRACT OR ALTERNATIVELY FIVE DAYS FOLLOWING RECEIPT OF

EXPORT LETTER OF CREDIT. EXPORTER MUST DEAL DIRECTLY WITH HIS JAPANESE BANK WHICH IN TURN SELLS FORWARD CONTRACT TO BOC AT GOING SPOT RMB /YEN RATE. FORWARD COVER AVAILABLE FOR CONTRACTS FOR DELIVERY IN SIX MONTHS OR LESS. OFFICIAL STRESSED THAT COVER AVAILABLE STRICTLY ON A CASE-BY-CASE NEGOTIATED BASIS ALTHOUGH ARRANGEMENTS BEING HANDLED IN RELATIVELY ROUTINE MANNER.

3. WHEN OFFICIAL AGAINST DOLLARS IN LONDON (REFA A), OFFICIAL, I.E. ON CASE-BY-CASE BASIS WITH BANKS THAT ALSO HAVE CLEARING ARRANGEMENTS WITH BOC. SHOEMTIH

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Message Attributes

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Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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